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Casey Resigns CIA Post; Aide Picked as Successor

A 'Particularly Wrenching' Loss for the President

By Lou Cannon
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A Hospitalized Central Intelligence Agency Director William J. Casey, a confidant and former campaign manager for President Reagan, has resigned and CIA Deputy Director Robert M. Gates will be nominated to succeed him, White House spokesman Marlin Fitzwater announced yesterday.

Fitzwater said the 73-year-old Casey, who had a cancerous tumor removed from his brain Dec. 18, resigned last Thursday during a visit from White House chief of staff Donald T. Regan and Attorney General Edwin Meese III.

"It was Mr. Casey's decision to resign," Fitzwater said. "He saw that it would be some time before he would be able to return to duty and undertake full activities at the CIA. He realized the need for on-the-job leadership in the intelligence community."

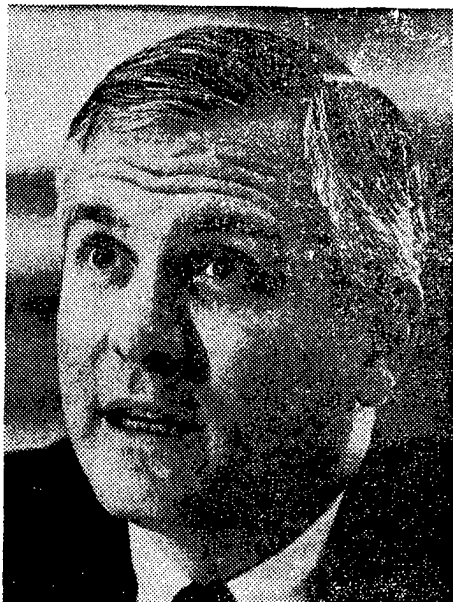
Casey's departure comes during a time of crisis and turnover in the Reagan administration, which is struggling to regain the political initiative in the wake of the Iran arms-contra affair. A senior official said that the loss of Casey is "particularly wrenching" for the president, who said in a letter to Casey yesterday that he was accepting the resignation with "profound regret."

Reflecting his slow recovery, Casey's letter of resignation was two sentences, in which he said it was a "great honor" to have served Reagan.

Also yesterday, White House and Pentagon sources said that Assistant Secretary of Defense Richard N. Perle, one of the most influential policymakers in the administration and a critic of past arms control agreements with the Soviet Union, has told Defense Secretary Caspar W. Weinberger he intends to quit soon. [Details on Page A6.]

Casey, after managing Reagan's 1980 presidential campaign, was rewarded with the post he asked for—director of central intelligence. He generally sided with other administration conservatives and came under heavy political criticism in 1984 for the CIA role in mining Nicaraguan harbors. But Reagan defended Casey against all critics, within the administration and outside of it.

The president tried to cushion Casey's resignation, saying in the letter to him that he wanted him to serve as counselor to the president, a post previously held by Meese, "whenever you feel your recovery is sufficient to assume those responsibilities."



Robert M. Gates awaits Senate confirmation.

White House officials have been seeking a replacement for Casey for weeks, even while publicly avowing that no search was under way. A senior official said the president had insisted that the effort to find a replacement be disavowed "because he didn't want the search to have an adverse medical effect" on the CIA director's recovery.

Nonetheless, it was disclosed two weeks

ago that Regan had sounded out former Senate majority leader Howard H. Baker Jr. (R-Tenn.) for the job. An informed source said yesterday that Meese also made an overture to FBI Director William H. Webster, who said he wasn't seeking the CIA post.

White House officials said that a consensus then rapidly developed for Gates, 43, partly because he is already serving as acting director and also because he enjoys close relations with key members of Congress, including Senate intelligence committee Chairman David L. Boren (D-Okla.), who issued a statement praising the nomination. Fitzwater said Reagan talked with Gates late Friday morning and offered him the job.

Sources said that Casey and Webster both favored Gates, a 20-year

CIA veteran, as did Reagan's new national security adviser, Frank C. Carlucci, who was CIA deputy director for three years during the Carter administration.

Gates reportedly was viewed by White House officials as a professional who could win Senate confirmation and would, in the words of one official, "stick to business and stay out of political conflict as much as possible."

Casey served during World War II in the Office of Strategic Services (OSS), the forerunner of the CIA. He served as chairman of the Securities and Exchange Commission under President Richard M. Nixon and held several other important posts in the Nixon and Ford administrations.

Taking over as campaign manager after a power struggle in the Reagan inner circle early in 1980, Casey quickly won Reagan's confidence and has kept it ever since. But Casey leaves on a note of controversy over the CIA's role in the Iranian arms affair and the fact that he and Gates withheld for more than a month their suspicions that profits from the clandestine arms sales were being diverted to Nicaragua's contra rebels, according to the report of the Senate Select Committee on Intelligence.

Casey entered Georgetown Hospital on Dec. 15 after two seizures. His recovery has been slow, although friends who have visited him in recent days say he can now talk in limited sentences and comprehend what is said to him. Reagan has not called him since the operation, a White House official said yesterday, because it would be difficult for Casey to carry on a telephone conversation.

A hospital spokesman said yesterday that Casey is alert and "continues to improve steadily."

Casey's resignation was the latest in a steady stream of departures from the embattled Reagan administration. White House spokesman Larry Speakes gave his last briefing Friday and White House political director Mitchell E. Daniels Jr. announced his resignation the following day. White House communications director Patrick J. Buchanan's resignation is considered imminent, and budget director James C. Miller III has said he plans to leave this spring.

Staff writers Bob Woodward and David Hoffman contributed to this report.